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BIWEEKLY REPORT

**SINO-SOVIET BLOC
ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS**

EIC-WGR-1/50

6 January 1958

**PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS**

ECONOMIC INTELLIGENCE COMMITTEE

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These biweekly reports on "Sino-Soviet Bloc Economic Activities in Underdeveloped Areas" are prepared and issued by a Working Group of the Economic Intelligence Committee, including representatives of the Departments of State, the Army, the Navy, the Air Force, Commerce, and Agriculture; the International Cooperation Administration; the Office of the Secretary of Defense; and the Central Intelligence Agency. Their purpose is to provide up-to-date factual information on significant developments in the economic relations of Sino-Soviet Bloc countries with underdeveloped countries of the Free World. The EIC-R-14 series of reports, under the same title, provide periodic summaries and analytical interpretations of these developments.

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Summary of Events
20 December 1957 - 2 January 1958

The offer of general economic aid made by the USSR to the countries attending the Afro-Asian Solidarity Conference in Cairo was the most significant event affecting the economic relations between the Sino-Soviet Bloc and the underdeveloped countries of the Free World during the period 20 December 1957 - 2 January 1958. Speaking before the economic committee of the conference on 27 December, the Soviet delegate A. A. Arzumanyan promised "money in the form of loans or aid . . . to build . . . institutions for industry, education, and hospitals."

The Afghan government has informed the USSR that economic difficulties have forced Afghanistan to seek grant aid -- to the exclusion of loan aid -- and to have local costs of future development projects met through foreign aid. The reluctance of Afghanistan to finance local currency costs has resulted in delays in negotiations with the USSR for the petroleum exploration program and refinery and in at least a 5-year postponement of the Naglu hydroelectric project. Several Czechoslovak projects also have been affected.

The Syrian economic mission to Moscow and Prague in December 1957 succeeded in having amended the terms-of-payments provisions of the 28 October agreement with the USSR, received a Czechoslovak offer of economic aid, and obtained Czechoslovak and Soviet commitments to increase purchases of Syrian commodities.

Other events during this period include the arrival of a 17-member Soviet economic delegation in Ceylon for the purpose of negotiating trade and economic assistance agreements with the Ceylonese government; the acceleration of the activities of the Soviet agricultural team in Burma; and the scheduled departure of an Egyptian economic delegation for Moscow on 6 January 1958.

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